

EX PARTE OR LATE FILED

**BELLSOUTH**

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November 14, 1996

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**NOV 14 1996**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**

RE: CC Docket 96-152 Implementation of the Telecommunications Act of  
1996 Telemessaging Electronic Publishing and Alarm Monitoring Services  
Ex Parte

Dear Mr. Caton:

In accordance with Section 1.1206 of the Commission's rules this is to notify you that on November 14, 1996 Daniel Thompson, Jr., David W. Scobey, Jr. and Ben Almond, all of BellSouth Corporation met with Carol Matthey, Michelle M. Carey, Jordan B. Goldstein, Susan Launer and Andrea Kearney, all of the FCC to discuss issues raised in the above referenced proceeding on Electronic Publishing. The material addressed in the enclosed document was used for discussion purposes.

Please associate this notification and accompanying document with the docket proceeding.

If there are any questions concerning this notification, please contact the undersigned.

Sincerely,



Ben G. Almond  
Executive Director-Federal Regulatory

Attachment/Enclosure

cc: Carol Matthey  
Michelle Carey  
Jordan B. Goldstein  
Susan Launer  
Andrea Kearney

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**BELLSOUTH CORPORATION**

**NOVEMBER 14, 1996  
DOCKET 96-152 EX PARTE  
SECTION 274 - ELECTRONIC PUBLISHING**

**The NPRM sought comments on the distinction between Section 274(c)(1)(A) and Section 274(c)(1)(B).**

- Section 274(c)(1)(B) recognizes that a BOC affiliate can offer multiple services consisting of electronic publishing services as well as services unrelated to electronic publishing.
  - Section 274(c)(1)(B) would restrict joint marketing activities of electronic publishing services between the BOC and the affiliate.
  - However, the affiliate can provide/offer its non-electronic publishing services with the BOC, excluding interLata or activities specifically restricted in the statute.
- By contrast Section 274(c)(1)(A) contemplates that a separated affiliate, providing only electronic publishing services, cannot conduct joint marketing activities with the BOC.
- The bottom line is that the electronic publishing joint marketing restrictions (promotion, marketing, sales and advertising) under Section 274 apply only to the services which are considered to be electronic publishing, and not to other services provided by the same entity.

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**BELLSOUTH ADVERTISING & PUBLISHING CORPORATION**

- BellSouth Advertising & Publishing Corporation (**BAPCO**) intends to produce and market electronic publishing services as well as all printed directory products as an electronic publishing separated affiliate.
- Section 274 rules permit **BAPCO** to continue to provide its printed directory products with BellSouth Telecommunications, Inc. (**BST**) but it will not permit **BAPCO** to joint market its electronic publishing services with **BST**.
- **BAPCO** may offer certificates or coupons for traditional print directory advertising to **BST** and other LECs for resale to customers. These certificates may be used as incentive items or as part of a package of services that the LECs advertise, promote and sell.

The certificate or coupon program is a "typical" business arrangement between two companies that does not entail the characteristics of a joint marketing activity. In any case, it is permissible under Section 274.

- **BAPCO** is also permitted under the act and may elect to be a marketing sales agent for local exchange companies, including **BST**.

**“OPERATE INDEPENDENTLY” - SECTION 274(b)**

- The Commission should deny requests calling for additional restrictions over and above the specific requirements enumerated by Congress in Section 274(b).
- Section 274(b) requirements represent a balance approach of:
  - 1) Insuring sufficient disclosure and structural separation between affiliates and the electronic publishing entity.
  - 2) Providing the measured degree of flexibility and freedom to compete in the marketplace.
- The Commission should reject AT&T’s suggestion that the debt of a separated affiliate or joint venture cannot be guaranteed by the BOC’s parent holding company.
  - No section in the act require this restriction
  - Has no adverse affect on ratepayers
  - Entails no subsidy of electronic publishing activity by the regulated BOC
- “INDEPENDENTLY” relates to day to day operations, and does not prohibit umbrella functions provided by the holding company including:

FINANCE AND ACCOUNTING  
LEGAL SERVICES  
MIS

- Even under CI-II and the MFJ, certain common administrative services were permitted.
- The Commission should also reject Time Warner’s position that the separated affiliate be prohibited from using trademarks and trade names of the holding company.
  - This is permitted under Section 274(b)(6), notwithstanding BOC’s use of the same intellectual property of the parent company.

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